

New Congress to Shine a Spotlight on Blackwater USA

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Blackwater USA will get a close-up look at the new political landscape it faces in Washington this week.

When voters put Democrats in control of Congress in November, they set the stage for a higher level of government scrutiny over Blackwater and its competitors in the mushrooming private military industry. The turnover of power placed several industry critics in key positions.

One of the most dogged of them, Rep. Henry Waxman, D-Calif., ascended to the chairmanship of the House Oversight and Government Reform Committee, which will hold four days of hearings beginning Tuesday on waste, fraud and abuse in government contracting.

Wednesday, it will be Blackwater's turn on the hot seat.

Erik Prince, founder and chairman of the Moyock, N.C.-based company, is among the invited witnesses. A Blackwater spokeswoman last week confirmed the invitation but said she didn't know if the billionaire ex-Navy SEAL - known for his aversion to the public spotlight - would appear.

Also invited to testify are family members of the four Blackwater contractors killed in a convoy ambush in Fallujah, Iraq, in March 2004 that became a major flashpoint of the Iraq war. Two of the bodies were mutilated and strung up from a bridge, prompting a fierce U.S. assault on the city in retaliation.

The four families are suing Blackwater, claiming the company broke its contractual obligation to the contractors by sending them into hostile territory with insufficient protection.

This week's hearings are a reflection of mounting congressional concern about the unprecedented privatization of warfighting. According to a recent Pentagon estimate, there are now some 100,000 government contractors operating in Iraq - a number that is approaching the size of the U.S. military force there.

Sen. Jim Webb of Virginia, whose election in November was crucial in tipping the Senate to Democratic control, raised the issue last week during confirmation hearings for Gen. George Casey, the outgoing top U.S. general in Iraq who has been nominated for Army chief of staff.

"This is a rent-an-army out there," Webb said, noting that in nearly four years of war no civilian contractor has yet been prosecuted for misconduct in Iraq.

"Wouldn't it be better for this country if those tasks, particularly the quasi-military gunfighting tasks, were being performed by active-duty military soldiers in terms of cost and accountability?" Webb, a Vietnam veteran and former Navy secretary, asked Casey.

"It's important that they are used - these contractors are used for logistics-type skills and not necessarily the combat skills," Casey replied, referring to armed security contractors like those fielded by Blackwater. "Those are the ones that we have to watch very carefully."

Little-known before 2004, Blackwater was propelled into worldwide headlines by the Fallujah incident. It was still making news as recently as two weeks ago, when five of its helicopter

crewmen died in an anti-aircraft assault in Baghdad. The 10-year-old company has won more than \$500 million in federal contracts for security and training services, many of them no-bid.

Waxman's committee also is seeking testimony from chief executives of four other companies in a multi-layered chain of government contractors connected to the Fallujah mission. At the top of the chain was Houston-based KBR, a subsidiary of Halliburton Inc., Vice President Dick Cheney's previous employer. At the bottom was Blackwater.

Waxman has charged that the multiple layers of contracts and subcontracts resulted in an inflated cost to taxpayers.

For example, according to contracts that have become part of the public record in the families' lawsuit, Blackwater paid its security operatives \$600 a day and charged its client, Regency Hotel & Hospital Co., \$945 a day per man - a 58 percent markup. So far there are no public documents to show how much the other companies tacked onto those charges.

At a hearing last year, a member of Waxman's committee, Rep. Chris Van Hollen, D-Md., asked Blackwater vice president Chris Taylor about his company's markup. Taylor replied that Blackwater's charge to its client was a "fully burdened" figure that included the company's costs for food, housing, equipment and other expenses.

But in a sharply worded letter Dec. 7 to then-Defense Secretary Donald Rumsfeld, Waxman and Van Hollen disputed Taylor's account, pointing out that the contract required the client to provide food, housing, equipment and other items at no cost to Blackwater.

The company has produced no documentation to support Taylor's testimony, they wrote.

Stuart W. Bowen Jr., the special inspector general for Iraq reconstruction, is another scheduled witness for the Waxman committee hearings. Last week Bowen issued a scathing report concluding that millions of tax dollars were misspent on a contract held by one of Blackwater's competitors, Northern Virginia-based DynCorp International.

Bowen found that the government paid \$43.8 million for a residential trailer camp that has never been used for its intended purpose: training Iraqi police officers. Included in that total was \$4.2 million that went for unauthorized items like VIP trailers and an Olympic-size swimming pool.

Rep. David Price, D-N.C., introduced a bill last month aimed at bringing more transparency and accountability to the contracting process. Rep. Jan Schakowsky, D-Ill., plans to introduce a similar measure this week.

"More than ever, private contractors are engaged in roles traditionally viewed as inherently governmental functions: military operations, intelligence gathering, law enforcement, security and criminal justice functions," Schakowsky wrote in a letter to congressional colleagues last week. "Yet, this multi-billion dollar industry is virtually unregulated and virtually unknown to the American taxpayer."

The heightened congressional attention to the private military business is welcome news to its critics.

"You're going to see all sorts of hearings and the like," said Peter Singer, a scholar at the Brookings Institution who has argued for more regulation of the industry. "Congress has woken up. The period of denial is over."

Industry representatives are wary.

"You don't want to lose sight of the broader issue," said Doug Brooks, president of the International Peace Operations Association, a Washington-based trade group that represents Blackwater and other government contractors.

"We're going to have contractors working in conflict and post-conflict environments into the future," Brooks said. "They're critical to all these missions, so we don't want to just sit there and slam them. If there are problems, we've got to sort them out before the next one."